



# NEWS RELEASE

From New York State Inspector General  
**Catherine Leahy Scott**

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## **STATE DIVISION OF HUMAN RIGHTS CIRCUMVENTED CONTRACTING RULES IN HIRING TEMPORARY EMPLOYEES AT IMPROPERLY INFLATED RATES**

*Temporary Employment Agencies Also Circumvented Procurement Rules by Using Informal Agreements to Provide Temporary Workers at Higher Rates than Permitted*

*Division of Human Rights Will Review All Prior and Outstanding Payments to Ensure Total Payments Do Not Exceed Authorized Rates*

ALBANY – New York State Inspector General Catherine Leahy Scott today released a [report](#) of an investigation that found that prior management at the New York State Division of Human Rights (“DHR”) and two temporary employment firms violated State contracting rules in DHR’s 2011-2014 employment of temporary workers at rates higher than those authorized by the State.

The investigation found that former DHR Chief Financial Officer Stephen Rolandi, who was in charge of the agency’s procurements until early 2013, knowingly and improperly circumvented contracting laws to retain Brooklyn-based Penda Aiken, Inc. for seven temporary workers at unauthorized rates and job titles. He and former DHR Deputy Commissioner for Federal Programs Edward Watkins also retained Kelly Services, Inc., based in Michigan with offices in Albany, to hire a temporary attorney at a rate higher than authorized by the state contract. Subsequent to Watkins and Rolandi leaving State service in 2013, DHR senior staff discovered evidence of financial mismanagement regarding the hiring of the temporary workers and referred the matter to the Inspector General for investigation.

“Former top managers at the Division for Human Rights and these two companies circumvented and violated the State’s clear rules for contracting services,” said Inspector General Leahy Scott. “State officials and those who contract with the state are bound by procurement laws and cannot bypass rules and regulations leaving taxpayers to cover any excessive costs. I remain committed to putting a stop to any waste or abuse in the government procurement process.”

As State contractors, both Penda Aiken and Kelly Services are required to be aware of and are bound by State procurement laws and rules. At issue specifically in this matter, DHR used Penda Aiken to provide seven workers between late 2011 and early 2014 to work on housing discrimination complaints and federal grant applications, among other tasks. DHR hired them at hourly rates that were almost double the rate approved for those jobs. Similarly, DHR entered into an informal agreement with Kelly Services for a temporary attorney at a rate more than 10 percent higher than allowed under standard contracting procedures.

As a result of the investigation, Inspector General Leahy Scott recommended DHR adopt and adhere to strict

procurement controls and review and recalculate all payments made and still outstanding to both Penda Aiken and Kelly Services for the temporary positions at issue so that total payments for all services they provided do not exceed rates authorized by the State. DHR has agreed to and is implementing the Inspector General's recommendations.

A copy of the report may be obtained by clicking [HERE](#)

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